

**SCHOOL DISTRICT**

**OF**

**BEACH HAVEN**



**BEACH HAVEN BOARD OF EDUCATION  
BEACH HAVEN, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**BEACH HAVEN BOARD OF EDUCATION**

**BEACH HAVEN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**PREPARED BY**

**BEACH HAVEN BOARD OF EDUCATION  
FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**

December 3, 2012

Honorable President and Board Members  
Borough of Beach Haven Board of Education  
Beach Haven, NJ 08008

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the Borough of Beach Haven Board of Education for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections – introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organization chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Single Audit Act of 1984 and the US Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations" and the state Treasury Circular Letter 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Audit". Information related to this single audit, including the auditor's report on the internal control structure and compliance with the applicable laws and regulations, and findings and recommendation, are included in the single audit section of this report.

**1. Reporting Entity and Its Services:**

The Beach Haven School District is an independent reporting entity within the criteria adopted by the GASB, as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Borough of Beach Haven Board of Education and its school constitute the district's reporting entity.

The District provides a full range of educational services and programs, which are appropriate for grades Kindergarten through Grade Six. These services and programs include regular, as well as, special education for handicapped pupils. The district completed the 2011-12 fiscal year with an enrollment of 65 students. The following details the changes in the student enrollment of the District over the past five years.



<b>Fiscal Year</b>	<b><u>Pupil Enrollment</u></b>	<b><u>% Change</u></b>
2011-12	65	-9%
2010-11	74	1.4%
2009-10	73	-5.2%
2008-09	77	8.5%
2007-08	71	6.0%

2. **Economic Conditions and Outlook:** The Beach Haven School District has a stable year-round population, although student enrollment increased in the most recent years. The primary industry is tourism which significantly increases the population during the summer.
3. **MAJOR INITIATIVES** The students continue to score above the state and national average on achievement tests. Trailblazers Mathematics has been implemented through fifth grade. Connected Mathematics is used in sixth grade. Writers' Workshop and Balanced Literacy have been implemented in reading/language arts.
4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurances recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of the costs and benefits requires estimated and judgments by management.

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

As a part of the district's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

## **5. Budgetary Controls:**

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the district. Annual appropriated budgets are adopted for the general fund and the special revenue fund.

An encumbrance account system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance as of June 30th each year.

## **6. Accounting System and Reports:**

The district's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1

## **7. Debt Administration**

The District had no outstanding debt as of June 30, 2012.

## **8. Risk Management:**

The Board of Education carries various forms of insurance, including, but not limited to, general liability, hazard and theft insurance on property and contents, and fidelity bonds.

## **9. Other Information:**

**Independent Audit:** The State of New Jersey statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Co., CPAs, was selected by the Beach Haven Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also is designed to meet the requirements of the Single Audit Act of 1984 and the related OBM Circular A-133 and State Treasury Circular Letter 04-04 OBM. The auditor's report on the general-purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports relate specifically to the single audit and are included in the single audit section of this report.

**10. Acknowledgments:**

We would like to express our appreciation to the members of the Borough of Beach Haven Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Board Office.

Respectfully submitted,

*Dr. Patricia Daggy*

Dr. Patricia Daggy  
Superintendent/Principal

**Borough of Beach Haven Board of Education****Beach Haven, New Jersey****June 30, 2012**

<b>Members of Board of Education</b>	<b>Term Expires</b>
Marylou Bellingeri, President	2014
Donna Kilcommons, Vice President	2013
Sandra Close	2012
Amy Haig	2013
Dina Ranade	2012

**Other Officials:**

Dr. Patricia Daggy - Superintendent

Lil Brendel – Board Secretary

## **Beach Haven Board of Education**

### **Consultants & Advisors**

#### **Audit firm**

Robert A. Hulsart & Son  
2807 Hurley Pond Road  
Wall, NJ 07719

#### **Attorney**

Capehart & Scratchard, PA  
8000 Midlantic Drive  
Mount Laurel, NJ 08054

#### **Official Depository**

TD Bank  
13100 Long Beach Blvd.  
Beach Haven, NJ 08008

**Borough of Beach Haven Board of Education  
Organizational Chart**

Board of Education

Chief School Administrator

Board Secretary

Support Staff

Instructional Staff    Custodian and Bus Drivers

## **FINANCIAL SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Beach Haven School District  
County of Ocean  
Beach Haven, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Beach Haven School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Beach Haven Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Beach Haven Board of Education, in the County of Ocean, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the Beach Haven Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 15 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beach Haven Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

December 3, 2012

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**BEACH HAVEN PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF BEACH HAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The discussion and analysis of the Beach Haven Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2011-2012 fiscal year are as follows:

- General revenues accounted for \$1,589,764 in revenue or 99% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$18,744 or 1% percent to total revenues of \$1,608,508.
- Total assets of governmental activities were \$918,834 primarily made up of capital assets and Cash.
- The School District had \$1,531,655 in expenses; only \$18,744 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$1,589,764 were adequate to provide for these programs.
- The General Fund had \$1,606,316 in revenues and \$1,466,327 in expenditures. The General Fund's balance increased \$125,853 over 2010-2011. This increase was anticipated by the Board of Education.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Beach Haven Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Beach Haven Public School District, the General Fund is the most significant fund, with the Special Revenue Fund also having significance.

## **Using this Comprehensive Annual Financial Report (CAFR) (Continued)**

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

### **Reporting the School District as a Whole**

#### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011-2012 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on Exhibit B-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

## Governmental Funds

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

## Enterprise Fund

The District does not have an Enterprise Fund.

## The School District as a Whole

Table 1 provides a summary of the School District's net assets.

**Table 1**  
**Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 574,964	448,934
Capital Assets, Net	<u>343,870</u>	<u>1,571,207</u>
Total Assets	<u>\$ 918,834</u>	<u>2,020,141</u>
<b><u>Liabilities</u></b>		
Accounts Payable	\$ 2,112	1,934
Long-Term Liabilities	<u>34,909</u>	<u>22,214</u>
	<u>\$ 37,021</u>	<u>24,148</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Debt	\$ 343,870	1,571,207
Restricted	325,356	75,687
Unrestricted	<u>212,587</u>	<u>349,099</u>
Total Net Assets	<u>\$ 881,813</u>	<u>1,995,993</u>

Table 2 shows the changes in net assets for fiscal year 2012.

**Table 2**  
**Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
Program Revenues		
Operating Grants and Contributions	\$ 18,744	13,214
General Revenues		
Property Taxes	1,430,146	1,402,104
Grants and Entitlements	159,333	113,394
Other	<u>285</u>	<u>61,764</u>
Total Revenues	<u>1,608,508</u>	<u>1,590,476</u>
<b><u>Program Expenses</u></b>		
Instruction	781,421	719,425
Support Services		
Pupils and Instructional Staff	165,033	132,976
General Administration, School Administration,		
Business	407,715	401,885
Operations and Maintenance of Facilities	127,790	180,903
Pupil Transportation	35,605	33,808
Depreciation	<u>14,091</u>	<u>12,121</u>
Total Expenses	<u>1,531,655</u>	<u>1,481,118</u>
Increase/(Decrease) in Net Assets	<u>\$ 76,853</u>	<u>109,358</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 89% percent of revenues for governmental activities for the Beach Haven Public School District for fiscal year 2012. The District's total revenues were \$1,608,508 for the fiscal year ended June 30, 2012. Federal, state, local grants and other local revenues accounted for another 11%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

### **Governmental Activities (Continued)**

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

### **The School Board' Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Beach Haven's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2012, it reported a combined net asset balance of \$881,813. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

## Capital Assets

At June 30, 2012, the School Board had approximately \$343,870 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2012 fiscal year.

	<b><u>Governmental Activities</u></b>
Table II	
Capital Assets at June 30, 2012	
Buildings	\$ 223,747
Machinery and Equipment	774
Land	99,516
Site Improvements	<u>19,833</u>
Total	<u>\$ 343,870</u>

## Debt Administration

At June 30, 2012, the School District had no outstanding debt other than compensated absences of \$34,909.

## Economic Factors and Next Year's Budget

The Beach Haven Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Beach Haven is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Beach Haven Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Dr. Patricia P. Daggy, Superintendent/Principal, Beach Haven Board of Education, Beach Avenue at Eight Street, Beach Haven, New Jersey 08008.



## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**BEACH HAVEN SCHOOL DISTRICT****STATEMENT OF NET ASSETS****Exhibit A-1****JUNE 30, 2012**

	<b><u>Governmental Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 217,217	217,217
Receivables, Net	32,391	32,391
Restricted Assets:		
Capital Reserve - Cash	18,607	18,607
Other Cash and Cash Equivalents	306,749	306,749
Capital Assets Not Depreciated	99,516	99,516
Capital Assets, Net of Depreciation	<u>244,354</u>	<u>244,354</u>
Total Assets	<u>918,834</u>	<u>918,834</u>
<b><u>Liabilities</u></b>		
Accounts Payable	2,112	2,112
Noncurrent Liabilities:		
Due Beyond One Year	<u>34,909</u>	<u>34,909</u>
Total Liabilities	<u>37,021</u>	<u>37,021</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	343,870	343,870
Restricted For:		
Other Purposes	325,356	325,356
Unrestricted	<u>212,587</u>	<u>212,587</u>
Total Net Assets	<u>\$ 881,813</u>	<u>881,813</u>

The accompanying notes to financial statements are an integral part of this statement.

BEACH HAVEN SCHOOL DISTRICT

Exhibit A-2  
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Total
<u>Functions/Programs</u>					
Governmental Activities:					
Instruction:					
Regular	\$ 732,074			(732,074)	(732,074)
Special Education	35,792		16,328	(19,464)	(19,464)
Other Instruction	11,139			(11,139)	(11,139)
Support Services:					-
Tuition	12,513			(12,513)	(12,513)
Student & Instruction Related Services	152,520			(152,520)	(152,520)
School Administrative Services	80,273			(80,273)	(80,273)
Plant Operations and Maintenance	127,790			(127,790)	(127,790)
Pupil Transportation	35,605			(35,605)	(35,605)
Depreciation	14,091			(14,091)	(14,091)
Unallocated Benefits	327,442			(327,442)	(327,442)
Education jobs	2,416		2,416	-	-
Total Government Activities	<u>1,531,655</u>	<u>-</u>	<u>18,744</u>	<u>(1,512,911)</u>	<u>(1,512,911)</u>
Total Primary Government	<u>1,531,655</u>	<u>-</u>	<u>18,744</u>	<u>(1,512,911)</u>	<u>(1,512,911)</u>

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Net (Expense) Revenue and Changes in Net Assets	
	Governmental Activities	Total
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purpose, Net	1,430,146	1,430,146
Federal and State Aid Not Restricted	159,333	159,333
Miscellaneous Income	14,421	14,421
Adjustment to Correct Beginning Balance (Note 16)	(14,136)	(14,136)
Total General Revenues, Special Items, Extraordinary Items and Transfers	1,589,764	1,589,764
Change in Net Assets	76,853	76,853
Adjustment to Correct The Beginning Balance Due to Fixed Assets Adjustments (Note 16)	(1,190,163)	(1,190,163)
Net Assets - Beginning	1,995,123	1,995,123
Net Assets - Ending	\$ 881,813	881,813

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS – B**

**BALANCE SHEET****GOVERNMENTAL FUNDS****JUNE 30, 2012**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 523,966		523,966
Cash Capital Reserve	18,607		18,607
Accounts Receivable - Net	29,538	2,853	32,391
Interfund Receivable	2,853		2,853
Total Assets	<u>\$ 574,964</u>	<u>2,853</u>	<u>577,817</u>
<b><u>Liabilities and Fund Balance</u></b>			
Liabilities:			
Accounts Payable	\$ 2,112		2,112
Interfund Payable	-	2,853	2,853
Total Liabilities	<u>2,112</u>	<u>2,853</u>	<u>4,965</u>
Fund Balance:			
Restricted for:			
Excess Surplus	155,287		155,287
Designated for Subsequent Years Expenditures-Excess Surplus	71,202		71,202
Maintenance Reserve	72,225		72,225
Capital Reserve	18,607		18,607
Committed to:			
Encumbrances	8,035		8,035
Unrestricted	247,496		247,496
Total Fund Balances	<u>572,852</u>	<u>-</u>	<u>572,852</u>
Total Liabilities and Fund Balance	<u>\$ 574,964</u>	<u>2,853</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$987,692 and the accumulated depreciation is \$643,822.

343,870

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(34,909)

Net assets of governmental activities

\$ 881,813

The accompanying Notes to Financial Statements are an integral part of this statement.

**BEACH HAVEN SCHOOL DISTRICT**

**Exhibit B-2  
Sheet 1 of 2**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

<b><u>Revenues</u></b>	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Total Governmental Funds</u></b>
Local Sources:			
Local Tax Levy	\$ 1,430,146		1,430,146
Miscellaneous	14,421		14,421
Total Local Sources	1,444,567	-	1,444,567
State Sources	159,333		159,333
Federal Sources	2,416	16,328	18,744
Total Revenues	1,606,316	16,328	1,622,644
<b><u>Expenditures</u></b>			
Current:			
Regular Instruction	697,165		697,165
Special Education Instruction	9,179	16,328	25,507
Other Special Instruction	6,139		6,139
Other Instruction	5,000		5,000
Support Services and Undistributed Costs:			
Tuition	12,513		12,513
Students and Instruction Related Services	152,520		152,520
School Administrative Services	80,273		80,273
Plant Operations and Maintenance	127,790		127,790
Pupil Transportation	35,605		35,605
Unallocated Benefits	327,442		327,442
Capital Outlay	10,285		10,285
Education Jobs	2,416		2,416
Total Expenditures	1,466,327	16,328	1,482,655

The accompanying Notes to Financial Statements are an integral part of this statement.



**BEACH HAVEN SCHOOL DISTRICT**

Exhibit B-2  
Sheet 2 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
Excess (Deficiency) of Revenues Over Expenditures	139,989	-	139,989
Prior Year State Aid Adjustment	(14,136)		(14,136)
Net Change in Fund Balances	125,853	-	125,853
Fund Balance - July 1	446,999		446,999
Fund Balance - June 30	<u>\$ 572,852</u>	<u>-</u>	<u>572,852</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BEACH HAVEN SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

Exhibit B-3

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDSTO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 125,853
---	------------

Amounts Reported for Governmental Activities in the Statement of  
Activities (A-2) are Different Because:

Capital Outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in  
the period.

Depreciation Expense	(14,091)
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In the statement of activities, certain operating expenses as compensated  
absences are measured by the amounts earned during the year. In  
the governmental funds, however, expenditures for these items are  
reported when paid.

	<u>(34,909)</u>
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Change in Net Assets of Governmental Activities	<u>\$ 76,853</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BEACH HAVEN SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	\$ 2,000
Total Assets	<u>\$ 2,000</u>
Net Assets:	
Held in Trust for Unemployment Claims	\$ 2,000
Total Net Assets	<u>\$ 2,000</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BEACH HAVEN SCHOOL DISTRICT****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****Exhibit B-8****FIDUCIARY FUNDS****FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Unemployment Compensation Trust</b>
<b><u>Additions</u></b>	
Investment Earnings:	
Interest	\$ -
Total Additions	<u>-</u>
<b><u>Deductions</u></b>	
Unemployment Claims	
Total Deductions	<u>-</u>
Change in Net Assets	-
Net Assets - Beginning of Year	<u>2,000</u>
Net Assets - End of the Year	<u><u>\$ 2,000</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**BEACH HAVEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1:      Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Beach Haven School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A.      Reporting Entity:**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Beach Haven Borough. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

**B.      Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government as defined by GASB-14 (The Financial Reporting Entity) and therefore encompass the primary government and its component units except for fiduciary funds of the primary government and component units that are fiduciary in nature. Financial statements of fiduciary funds are not presented in the government-wide financial statements but are included in the fund financial statements.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.



**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**Fiduciary Fund Types**

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

The Public School Education Act of 1975 limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**E. Budgets/Budgetary Control (Continued):**

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**F. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**G. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**H. Inventories and Prepaid Expenses (Continued)**

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

**I. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2012 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased with a historical cost of \$2,000 or more. Accumulated fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided, and have been updated annually through 2011-2012. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Adjust.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:					
Capital Assets That are					
Not Being Depreciated:					
Land	\$ 99,516	_____	_____	_____	<u>99,516</u>
Depreciable Assets:					
Site Improvements	62,204				62,204
Buildings & Sites	682,704				682,704
Equipment	<u>143,268</u>	_____	_____	_____	<u>143,268</u>
Total	<u>888,176</u>	_____	_____	_____	<u>888,176</u>

**NOTE 1: Summary of Significant Accounting Policies (Continued)****I. Capital Assets and Depreciation (Continued)**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Adjust.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Less: Accumulated Depreciation:					
Sites	(40,037)	(2,334)			(42,371)
Buildings	(447,817)	(11,140)			(458,957)
Equipment	<u>(141,877)</u>	<u>(617)</u>			<u>(142,494)</u>
Total Accumulated Depreciation	<u>(629,731)</u>	<u>(14,091)</u>			<u>(643,822)</u>
Net Depreciable Assets	<u>258,445</u>	<u>(14,091)</u>			<u>244,354</u>
Governmental Activities Capital Assets, Net	<u>\$ 357,961</u>	<u>(14,091)</u>			<u>343,870</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 14,091</u>
-------------	------------------

**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

**K. Deferred Revenue**

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2012. See Note 1(F) regarding the special revenue fund.

**L. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 8).

**NOTE 2: Cash and Cash Equivalents and Investments**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)**

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Checking, Money Market Accounts and Certificate of Deposit	<u>\$ 598,342</u>

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2012 was \$598,342 and the bank balance was \$602,996. Of the bank balance, \$250,000 was covered by federal depository insurance and \$352,996 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

FDIC	\$ 250,000
GUPDA	352,996

As of June 30, 2012, the District did not hold any long-term investments.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	<b><u>June 30, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>June 30, 2012</u></b>	<b><u>Long-Term Portion</u></b>	<b><u>2012-13 Payment</u></b>
Compensated Absences Payable	\$ _____	<u>34,909</u>	_____	<u>34,909</u>	<u>34,909</u>	_____
	<u>\$ _____</u>	<u>34,909</u>	=====	<u>34,909</u>	<u>34,909</u>	=====

**NOTE 4: Pension Plans**

**Description of Plans** – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**NOTE 4:      Pension Plans (Continued)**

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Funding Policy** – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2012, the State of New Jersey contributed \$72,088 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$54,385 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 34.

**Three-Year Trend Information for PERS**

<b>Year</b>	<b>Annual</b>	<b>Percentage</b>	<b>Net</b>
<b><u>Funding</u></b>	<b><u>Cost (APC)</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
6/30/12	\$ 10,194	100%	\$ 0
6/30/11		100%	0
6/30/10		100%	0



**NOTE 4:      Pension Plans (Continued)**

<b><u>Three-Year Trend Information for TPAF (Paid On-Behalf of the District)</u></b>			
<b><u>Year</u></b>	<b><u>Annual</u></b>	<b><u>Percentage</u></b>	<b><u>Net</u></b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/12	\$ 72,088	100%	\$ 0
6/30/11	51,276	100%	0
6/30/10		100%	0

**NOTE 5:      Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 92,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTE 6:      Interfund Receivables and Payables**

	<b><u>To</u></b>	<b><u>From</u></b>
General	\$ 2,853	
Special Revenue		2,853

**NOTE 7:      Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the right to the benefits.

**NOTE 7:      Compensated Absences (Continued)**

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

**NOTE 8:      Capital Reserve Account**

A capital Reserve account was established by the Borough of Beach Haven Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Fund placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 18,462
Budget Increase	<u>145</u>
Ending Balance, June 30, 2012	<u>\$ 18,607</u>

**NOTE 9:      Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**NOTE 9:      Risk Management (Continued)**

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year and previous year:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>District Contributions</u>	<u>Disbursed</u>	<u>Balance</u>
2011-2012	\$ -0-	-0-	-0-	2,000
2010-2011	-0-	-0-	-0-	2,000
2009-2010	-0-	-0-	-0-	2,000

**NOTE 10:      Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District’s programs and activities.

**NOTE 11:      Contingent Liabilities**

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

**NOTE 12:      2% Calculation of Excess Surplus**

2011-12 Total General Fund Expenditures Per the CAFR	\$ 1,466,327
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(126,473)</u>
Adjusted 2011-12 General Fund Expenditures	<u>\$ 1,339,854</u>
2% of Adjusted 2011-12 General Fund Expenditures	<u>\$ 26,791</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>532</u>
Maximum Unassigned Fund Balance	<u>\$ 250,532</u>

**NOTE 12:     2% Calculation of Excess Surplus (Continued)****Section 2**

Total General Fund Fund Balance @ June 30, 2012	\$ 521,771
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Decreased by:

Reserve for Encumbrances	(8,035)
Designated for Subsequent Year's Expenditures	(71,202)
Other Reserves	<u>(90,832)</u>

Total Unassigned Fund Balance	<u>\$ 351,702</u>
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Excess Surplus	<u>\$ 101,702</u>
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**Section 3**

Designated for Subsequent Years Surplus – Excess Surplus	\$ 71,202
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Excess Surplus	<u>101,170</u>
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	<u>\$ 172,372</u>
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**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 72,225
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Capital Reserve	<u>18,607</u>
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	<u>\$ 90,832</u>
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**Detail Of Allowable Adjustment**

Non Public Transportation	<u>\$ 532</u>
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**NOTE 13:     Fund Balance Appropriated**

**General Fund** – Of the \$575,888 General Fund fund balance at June 30, 2012, \$8,035 is reserved for encumbrances; \$18,607 has been reserved in the Capital Reserve Account; \$72,225 is maintenance reserve; \$71,202 is unreserved fund balance designated for subsequent year's expenditures for the fiscal year ending June 30, 2012; and \$250,532 is unreserved and undesignated; and \$155,287 is excess surplus.

**NOTE 14:     Calculation of Excess Surplus**

In accordance with *N.J.S.A. 18A:7F-7*, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

**NOTE 15: Significant Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through December 3, 2012.

**NOTE 16: Audit Adjustments**

The beginning surplus balance on Exhibit B-2 did not agree with the balance on Exhibit B-1 in the 2011 CAFR report.

The fixed assets in the 2011 audit were incorrect according to an independent appraiser hired by the Board of Education. The assets were adjusted to these new fixed assets and depreciation totals as per the independent appraiser.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

**BEACH HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 1 of 9

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,430,146		1,430,146	1,430,146	-
Interest Earned			-	28	28
Unrestricted Miscellaneous Revenues	15,055		15,055	14,393	(662)
Total Local Sources	1,445,201	-	1,445,201	1,444,567	(634)
State Sources:					
Transportation Aid			-		-
Special Education Aid	15,186		15,186	28,302	13,116
Security Aid			-	2,070	2,070
TPAF Pension (On Behalf-Non-Budgeted)			-	72,088	72,088
TPAF Social Security (Reimbursed - Non-Budgeted)			-	54,385	54,385
Total State Sources	15,186	-	15,186	156,845	141,659
Federal Sources					
Education Jobs	2,416		2,416	2,416	-
Total Revenues	1,462,803	-	1,462,803	1,603,828	141,025



**BEACH HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 2 of 9

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Preschool-Salaries of Teachers	57,375	(13,189)	44,186	35,178	9,008
Kindergarten - Salaries of Teachers	77,230	12,394	89,624	89,624	-
Grades 1-5 - Salaries of Teachers	476,555	777	477,332	477,332	-
Grades 6-8 - Salaries of Teachers	70,150	(16,450)	53,700	53,510	190
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 Series)	11,450	(2,638)	8,812	8,577	235
General Supplies	15,500		15,500	15,497	3
Textbooks	12,000	10,767	22,767	17,447	5,320
Total Regular Programs - Instruction	720,260	(8,339)	711,921	697,165	14,756
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	12,186		12,186	8,819	3,367
General Supplies	474		474	360	114
Total Resource Room	12,660	-	12,660	9,179	3,481

**BEACH HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 3 of 9

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Special Education-Instruction	12,660	-	12,660	9,179	3,481
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	5,000	765	5,765	5,765	-
General Supplies	500		500	374	126
Total Basic Skills/Remedial - Instruction:	5,500	765	6,265	6,139	126
School-Sponsored Athletics - Instruction:					
Other Objects	5,000		5,000	5,000	-
Total School-Sponsored Athletics - Instruction	5,000	-	5,000	5,000	-
Total Instruction	743,420	(7,574)	735,846	717,483	18,363
Undistributed Expenditures - Instruction:					
Tuition to Private Schools for the Handicapped - Within State		12,513	12,513	12,513	-
Undistributed Expenditures - Attendance & Social Work:					
Salaries	10,000	(2,751)	7,249	5,181	2,068
Undistributed Expenditures - Health Services:					
Salaries	30,000		30,000	30,000	-
Purchased Professional & Technical Services		1,650	1,650	1,650	-
Total Undistributed Expenditures - Health Services	30,000	1,650	31,650	31,650	-

**BEACH HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 4 of 9

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Undistributed Expenditures - Other Support Services -					
Students - Extra Services:					
Salaries	32,000	4,388	36,388	36,388	-
Supplies and Materials	500	(237)	263	35	228
Total Undistributed Expenditures - Other Support Services -					
Students - Extra Services	32,500	4,151	36,651	36,423	228
Undistributed Expenditures - Other Support Services -					
Child Study Team:					
Salaries of Other Professional Staff	10,000	4,770	14,770	14,770	-
Salaries of Secretarial & Clerical Assistants	40,000	8,884	48,884	48,884	-
Purchased Professional/Educational Services	6,000	288	6,288	6,288	-
Total Undistributed Expenditures - Other Support Services -					
Child Study Team	56,000	13,942	69,942	69,942	-
Undistributed Expenditures-Improvement of Instructional Services:					
Salaries-Secretarial and Clerical	22,000	500	22,500	5,400	17,100
Other Objects	500	(500)	-	-	-
Total Undistributed Expenditures-Improvement of Inst. Services	22,500		22,500	5,400	17,100
Undistributed Expenditures - Educational Media Services/ School Library:					
Purchased Professional and Technical Services	1,000		1,000	815	185

**BEACH HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 5 of 9

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional/Educational Services	3,000	109	3,109	3,109	-
Undistributed Expenditures - Support Services - General Administration:					
Salaries	30,000	250	30,250	30,250	-
Legal Services	8,000	(250)	7,750	7,646	104
Audit Fee	6,000		6,000	6,000	-
Communications/Telephone	50		50		50
Miscellaneous Expense	2,500		2,500	2,500	-
In-House Training/Meeting Supplies	1,600		1,600	1,223	377
Membership Dues and Fees	4,000	(996)	3,004	2,985	19
Total Undistributed Expenditures - Support Services - General Administration	52,150	(996)	51,154	50,604	550
Undistributed Expenditures - Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	24,000	2,268	26,268	26,268	-
Salaries of Secretarial and Clerical Assistants	1,260		1,260	1,260	
Total Undistributed Expenditures - Support Services School Administration	25,260	2,268	27,528	27,528	

BEACH HAVEN SCHOOL DISTRICT

Exhibit C-1  
Sheet 6 of 9

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Administration Info. Technology:					
Purchased Technical Services	2,141		2,141	2,141	-
Total Undistributed Expenditures - Administration Info. Technology	2,141	-	2,141	2,141	-
Increase in Maintenance Reserve	15,000		15,000		15,000
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	35,000		35,000	32,742	2,258
Cleaning, Repairs and Maintenance Services	22,154		22,154	8,085	14,069
General Supplies	3,000		3,000	2,975	25
Total Undistributed Expenditures - Required Maintenance for School Facilities	60,154	-	60,154	43,802	16,352
Undistributed Expenditures - Other Operations and Maintenance of Plant:					
Purchased Professional and Technical Services	2,000	110	2,110	2,110	-
Cleaning, Repair and Maintenance Services	20,416		20,416	10,960	9,456
Insurance	42,000		42,000	34,327	7,673
General Supplies	3,000	101	3,101	3,101	-
Energy - Electricity	27,000		27,000	26,810	190
Energy-Natural Gas	32,000	(101)	31,899	6,680	25,219
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	126,416	110	126,526	83,988	42,538

**BEACH HAVEN SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 7 of 9**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Undistributed Expenditures - Security:					
Salaries	3,000		3,000		3,000
Total Undistributed Expenditures Other Operations and Maintenance of Plant	189,570	110	189,680	127,790	61,890
Undistributed Expenditures - Student Transportation Services:					
Contracted Services ( Between Home and School) Vendors	17,000		17,000	15,878	1,122
Contracted Services (Other Than Between Home and School) Vendors	3,500	1,245	4,745	4,357	388
Cleaning, Repair and Maintenance	5,000	488	5,488	5,472	16
Contracted Services (Between Home and School) Joint Agreement	6,500		6,500	6,500	-
General Supplies	8,000	135	8,135	3,398	4,737
Other Objects	75		75		75
Total Undistributed Expenditures - Student Transportation Services	40,075	1,868	41,943	35,605	6,338
Regular Programs - Instruction - Employee Benefits:					
Social Security Contributions	20,028		20,028	14,595	5,433
Other Retirement Contributions-PERS	13,323		13,323	10,194	3,129
Unemployment Compensation	8,000		8,000		8,000
Health Benefits	226,145	(19,437)	206,708	176,180	30,528
Total Regular Programs - Instruction - Employee Benefits	267,496	(19,437)	248,059	200,969	47,090

**BEACH HAVEN SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 8 of 9**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
On-Behalf TPAF Pension Contribution - Non-Budgeted			-	72,088	(72,088)
Reimbursed TPAF Social Security Contributions - Non-Budgeted			-	54,385	(54,385)
	-	-	-	126,473	(126,473)
Total Undistributed Expenditures	746,692	13,427	760,119	736,143	23,976
Total Current Expense	1,490,112	5,853	1,495,965	1,453,626	42,339
Capital Outlay:					
Interest to Capital Reserve	145		145		145
Equipment:					
Preschool	10,285		10,285	10,285	-
Total Capital Outlay	10,430		10,430	10,285	145
Education Jobs Fund	2,416		2,416	2,416	-
Total Expenditures	1,502,958	5,853	1,508,811	1,466,327	42,484

BEACH HAVEN SCHOOL DISTRICT

Exhibit C-1  
Sheet 9 of 9

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(40,155)	(5,853)	(46,008)	137,501	183,509
Other Financing Sources or (Uses):					
Prior Year State Aid Adjustment	(8,612)		(8,612)	(8,612)	
Fund Balance July 1	446,999		446,999	446,999	
Fund Balance June 30	\$ 398,232	(5,853)	392,379	575,888	183,509
Recapitulation:					
Restricted For:					
Maintenance Reserve				\$ 72,225	
Capital Reserve				18,607	
Designated for Subsequent Years Expenditures-Excess Surplus				71,202	
Excess Surplus				155,287	
Committed To:					
Year-End Encumbrances				8,035	
Unassigned				250,532	
				575,888	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				(3,036)	
Fund Balance Per Governmental Funds (GAAP)				\$ 572,852	



BEACH HAVEN SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

EDUCATION JOBS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Salaries of Teachers: 18-120-100-101	\$ 2,416	2,416	
	<u>\$ 2,416</u>	<u>2,416</u>	<u>-</u>

BEACH HAVEN SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	<u>\$ 11,804</u>	<u>4,524</u>	<u>16,328</u>	<u>16,328</u>	
Total Revenues	<u><u>\$ 11,804</u></u>	<u><u>4,524</u></u>	<u><u>16,328</u></u>	<u><u>16,328</u></u>	<u><u>-</u></u>
Expenditures:					
Instruction:					
Salaries	<u>\$ 11,804</u>	<u>4,524</u>	<u>16,328</u>	<u>16,328</u>	
Total Instruction	<u><u>11,804</u></u>	<u><u>4,524</u></u>	<u><u>16,328</u></u>	<u><u>16,328</u></u>	<u><u>-</u></u>
Total Expenditures	<u><u>\$ 11,804</u></u>	<u><u>4,524</u></u>	<u><u>16,328</u></u>	<u><u>16,328</u></u>	<u><u>-</u></u>

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**BEACH HAVEN SCHOOL DISTRICT****REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit C-3

**BUDGET-TO-GAAP RECONCILIATION****NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 1,600,740	16,328
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in the encumbrances are recognized as expenditures and the related revenue is recognized.		
State aid payment prior year	8,612	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33)	<u>(3,036)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,606,316</u>	<u>16,328</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 1,466,327	16,328
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not yet received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,466,327</u>	<u>16,328</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

BEACH HAVEN SCHOOL DISTRICTSPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURESBUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>I.D.E.A. Basic</u>	<u>Totals</u>
Revenues:		
Federal Sources	<u>\$ 16,328</u>	<u>16,328</u>
Total Revenues	<u><u>\$ 16,328</u></u>	<u><u>16,328</u></u>
Expenditures:		
Instruction:		
Salaries	<u>\$ 16,328</u>	<u>16,328</u>
Total Instruction	<u>16,328</u>	<u>16,328</u>
Total Expenditures	<u><u>\$ 16,328</u></u>	<u><u>16,328</u></u>



**CAPITAL PROJECTS FUND – F**

**N/A**

**PROPRIETARY FUNDS – G**

N/A

**FIDUCIARY FUND – H**

**BEACH HAVEN SCHOOL DISTRICT****TRUST AND AGENCY FUND**

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS****JUNE 30, 2012**

	<b><u>Payroll Agency</u></b>	<b><u>Unemployment</u></b>	<b><u>Total 2012</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	<u>\$ 44,544</u>	<u>2,000</u>	<u>46,544</u>
<b><u>Liabilities</u></b>			
Payroll Deductions and Withholding	<u>\$ 44,544</u>		<u>44,544</u>
Total Liabilities	<u>\$ 44,544</u>	<u>-</u>	<u>44,544</u>
<b><u>Net Assets</u></b>			
Reserve for Unemployment		<u>2,000</u>	<u>2,000</u>

**BEACH HAVEN SCHOOL DISTRICT****PAYROLL AGENCY FUND****Exhibit H-4****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****JUNE 30, 2012**

	<b><u>Balance</u></b> <b><u>July 1, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 33,706	1,043,325	1,030,487	46,544
<b><u>Liabilities</u></b>				
Payroll Deductions and Withholdings	\$ 27,527	425,873	414,441	38,959
Accrued Salaries and Wages	6,179	615,452	616,046	5,585
Unemployment Reserve		2,000		2,000
	<u>\$ 33,706</u>	<u>1,043,325</u>	<u>1,030,487</u>	<u>46,544</u>

**LONG-TERM DEBT – I**

**N/A**

## **STATISTICAL SECTION**

**(Unaudited)**

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**

**NET ASSETS BY COMPONENT**

**LAST EIGHT FISCAL YEARS**

**UNAUDITED**

Exhibit J-1

	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities								
Invested in Capital Assets, Net								
of Related Debt								
Restricted	\$ 343,870	1,571,207	1,573,043	1,568,598	1,569,459	1,560,845	1,553,264	1,541,772
Unrestricted	325,356	75,687	49,540	53,576	37,596	234,578	227,188	119,224
	212,587	349,099	263,182	265,525	265,200	74,315	107,805	126,774
Total Governmental Activities	\$ 881,813	1,995,993	1,885,765	1,887,699	1,872,255	1,869,738	1,888,257	1,787,770
Business Type Activities								
Invested in Capital Assets, Net								
of Related Debt	\$ -							-
Unrestricted								
Total Business Type Activities	\$ -	-	-	-	-	-	-	-
District-wide								
Invested in Capital Assets, Net								
of Related Debt	\$ 343,870	1,571,207	1,573,043	1,568,598	1,569,459	1,560,845	1,553,264	1,541,772
Restricted	325,356	75,687	49,540	53,576	37,596	234,578	227,188	119,224
Unrestricted	212,587	349,099	263,182	265,525	265,200	74,315	107,805	126,774
Total District-Wide Assets	\$ 881,813	1,995,993	1,885,765	1,887,699	1,872,255	1,869,738	1,888,257	1,787,770



Exhibit J-2

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**  
**LAST EIGHT FISCAL YEARS**  
**UNAUDITED**

	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses:</b>								
Governmental Activities:								
Instruction:								
Regular	734,490	703,165	702,688	669,660	607,268	588,000	585,366	548,544
Special Education	35,792	9,595	13,565	24,445	21,840	22,231	37,111	21,988
Other Special Instruction	11,139	6,664	5,329	9,188	11,717	10,910	11,639	9,483
Support Services:								
Tuition	12,513	132,976	157,815	138,600	150,295	139,844	14,120	51,678
Student & Instruction Related Services	152,520	26,260	34,384	34,494	100,795	84,795	87,451	86,090
School Administrative Services	80,273	64,271	59,507	57,706	3,186	3,114	4,950	108,179
General and Business Administrative Services	127,790	180,903	190,762	207,090	202,120	247,363	137,394	10,505
Plant Operations and Maintenance	35,605	33,808	53,334	53,262	44,946	32,789	37,358	147,771
Pupil Transportation	327,442	311,354	308,667	325,247	353,865	341,400	285,055	42,529
Business and Other Support Services	14,091	12,120	11,331	10,247	9,934	1,771	1,771	300,832
Unallocated Depreciation								1,116
Total Governmental Activities Expense	1,531,655	1,481,116	1,537,492	1,529,829	1,505,966	1,472,217	1,322,496	1,328,715
Business-Type Activities:								
Food Service								
School Store								
Total Business-Type Activities Expense								
Total District Expenses	1,531,655	1,481,116	1,537,492	1,529,829	1,505,966	1,472,217	1,322,496	1,328,715
<b>Program Revenues:</b>								
Governmental Activities:								
Charges for Services	18,744	13,213	30,164	13,700	12,882	12,989	14,991	17,858
Operating Grants and Contributions								
Capital Grants and Contributions								
Total Governmental Activities Program Revenues	18,744	13,213	30,164	13,700	12,882	12,989	14,991	17,858
Business-Type Activities:								
Charges for Services								
Operating Grants and Contributions								
Capital Grants and Contributions								
Total Business-Type Activities Program Revenues								
Total District Program Revenues	18,744	13,213	30,164	13,700	12,882	12,989	14,991	17,858
<b>Net (Expense)/Revenue:</b>								
Governmental Activities	(1,512,911)	(1,467,904)	(1,507,332)	(1,516,134)	(1,493,087)	(1,459,232)	(1,307,507)	(1,310,859)
Business-Type Activities								
Total District Wide Net (Expense)/Revenue	(1,512,911)	(1,467,904)	(1,507,332)	(1,516,134)	(1,493,087)	(1,459,232)	(1,307,507)	(1,310,859)
<b>General Revenue and Other Changes in Net Assets:</b>								
Governmental Activities:								
Property Taxes, Levied for General Purposes, Net	1,430,146	1,402,104	1,348,177	1,296,324	1,246,466	1,198,525	1,192,689	1,160,149
Property Taxes Levied for Debt Service								
Grants and Contributions	159,333	113,394	154,388	175,376	239,427	231,829	201,581	203,771
Interest Earned on Capital Reserve Account		147	145	26	27	36	18	35
Miscellaneous Income	14,421	61,616	14,909	59,850	9,685	10,321	13,706	8,447
Prior Period Adjustment	(14,136)		(2,740)					
Total Governmental Activities	1,589,764	1,577,261	1,514,879	1,531,576	1,495,605	1,440,711	1,407,994	1,372,402
Business-Type Activities:								
Interest Earned								
Transfers								
Total Business-Type Activities								
Total District Wide	1,589,764	1,577,261	1,514,879	1,531,576	1,495,605	1,440,711	1,407,994	1,372,402
<b>Change in Net Assets:</b>								
Governmental Activities	76,853	109,357	7,548	15,443	2,517	(18,519)	100,487	61,543
Business-Type Activities								
Total District	76,853	109,357	7,548	15,443	2,517	(18,519)	100,487	61,543

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**FUND BALANCES, GENERAL FUND**  
**LAST EIGHT FISCAL YEARS**  
**UNAUDITED**

Exhibit J-3

	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:								
Reserved	\$ 325,356	\$ 152,538	49,540	53,576	37,596	123,155	182,826	93,821
Unreserved	250,532	294,461	285,396	287,739	287,414	207,952	174,381	174,381
Total General Fund	\$ 575,888	446,999	334,936	341,315	325,010	331,107	357,207	268,202
All Other Governmental Funds:								
Unreserved, Reported in:								
Special Revenue Fund	\$ -							
Capital Projects Fund								
Debt Service Fund								
Permanent Fund								
Total All Other Government Funds	\$ -	-	-	-	-	-	-	-

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-4

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues:</b>										
Local Tax Levy	\$ 1,430,146	1,402,104	1,348,177	1,296,324	1,246,466	1,198,525	1,192,689	1,160,149	942,753	1,050,979
Other Local Revenue	14,421	61,763	15,055	59,876	9,712	10,357	13,724	8,447	10,187	12,154
State Revenue	159,333	113,394	152,897	175,376	239,427	231,829	202,789	204,403	200,849	167,667
Federal Revenue	18,744	13,213	30,164	13,700	12,882	12,989	14,991	15,805	14,871	13,133
Total Revenues	1,622,644	1,590,474	1,546,293	1,545,276	1,508,487	1,453,700	1,424,193	1,388,804	1,168,660	1,243,933
<b>Expenditures:</b>										
Instruction:										
Regular	697,165	703,165	702,688	669,660	607,268	588,000	585,366	530,686	468,912	447,706
Special	36,646	9,595	13,565	24,445	21,840	22,231	37,111	21,988	19,282	20,706
Other		6,664	5,329	9,188	11,717	10,910	11,639	5,435	5,085	3,330
School Sponsored/Other Instructional								4,047	6,165	2,436
Support Service:										
Tuition	12,513	39,278	55,808	57,488	56,348	56,937	14,120	51,678	40,758	48,005
Attendance & Health Services	36,831	80,414	76,914	63,495	67,747	60,579	41,976	53,426	39,336	31,238
Support Service - Students	106,365	13,283	25,092	17,616	26,198	22,328	18,500	13,440	19,827	30,447
Support Service - Instructional Staff	9,324	61,721	34,494	57,706	66,411	53,316	61,781	61,247	6,248	2,387
General Administration	50,604	28,810	59,507	34,384	37,570	34,593	44,950	43,997	107,683	111,905
School Administration	29,669	206,903	190,762	228,090	202,120	257,587	137,394	147,771	81,243	76,268
Operations and Maintenance	127,790	33,808	53,334	53,262	44,946	32,789	37,358	42,529	157,724	164,832
Student Transportation	35,605								38,054	29,042
Business and Other Support Services:										
Interest on Lease-Purchase Agreements										2,087
Employee Benefits	200,969	205,951	203,877	225,380	192,715	182,960	156,748	168,347	150,789	136,197
On-Behalf TAP Contribution	72,088	51,276	48,306	44,876	107,003	108,013	78,291	81,884	80,587	49,036
Reimbursed TAP Social Security Contr.	54,385	54,127	56,483	54,991	54,146	50,426	50,015	50,600	48,682	55,795
Capital Outlay	10,285	10,285	15,776	9,386	18,548	9,351	13,262	6,551	16,733	5,991
Debt Service:										
Principal										
Interest and Other Charges										
Education Jobs										
Total Expenditures	2,416	1,505,280	1,541,935	1,549,967	1,514,577	1,490,020	1,335,193	1,316,290	1,287,108	1,217,408
Excess (Deficiency) of Revenues Over/(Under) Expenditures	139,989	85,194	4,358	(4,691)	(6,090)	(36,320)	89,000	72,514	(118,448)	26,525
Other Financing Sources (Uses):										
Transfers In/Out										
Prior Period Adjustments	(14,136)		(2,740)							
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	\$ 125,853	85,194	1,618	(4,691)	(6,090)	(36,320)	89,000	72,514	(118,448)	26,525
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

**Exhibit J-5**

Fiscal Year Ended June 30	Interest Earned	Refunds of Prior Year Expense	Donation	Insurance Claim	Miscellaneous	Total
2003	\$ 2,808	5,894			3,452	12,154
2004	2,098	4,754			3,335	10,187
2005	4,311	1,263			2,874	8,448
2006	515	7,864			5,345	13,724
2007	6,327				4,030	10,357
2008	4,334				5,378	9,712
2009	2,938	10,828		40,948	5,162	59,876
2010	3,016	4,062			7,832	14,910
2011	2,861	1,176	1,500	45,288	10,792	61,617
2012	28				14,393	14,421

Source: District Records

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**

J-6 through J-20 have been updated on a limited basis due to the unavailability of information in a reasonable time frame due to hurricane Sandy.

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Year	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities (Note a)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (Note b)
2002	\$ 16,833,500	\$ 461,269,800	\$ 57,479,325	\$ 6,342,200	\$ 541,924,825	\$ 382,275	\$ 542,307,100	\$ 866,187,430	\$ 0.194
2003	15,434,700	466,628,400	57,269,925	6,342,200	545,675,225	654,399	546,329,624	1,008,707,124	0.173
2004	* 52,643,900	1,383,195,700	115,408,400	14,529,800	1,565,777,800	1,192,764	1,566,970,564	1,258,800,954	0.075
2005	66,156,900	1,376,696,200	110,883,492	14,529,800	1,568,266,392	955,308	1,569,221,700	1,532,257,927	0.077
2006	72,163,500	1,405,202,700	109,041,292	13,888,100	1,600,295,592	622,263	1,600,917,855	1,845,867,359	0.075
2007	55,679,700	1,444,938,500	108,759,692	13,888,100	1,623,265,992	452,644	1,623,718,636	2,059,025,155	0.077
2008	49,992,200	1,460,757,300	107,327,192	13,888,100	1,631,964,792	456,866	1,632,421,658	2,117,278,415	0.079
2009	49,142,700	1,468,876,900	107,072,492	13,888,100	1,638,980,192	474,647	1,639,454,839	2,165,573,976	0.082
2010	49,278,900	1,473,932,200	107,087,692	13,888,100	1,644,186,892	474,488	1,644,661,380	2,105,301,306	0.085
2011	51,021,700	1,477,800,300	107,161,192	13,888,100	1,649,871,292	402,358	1,650,273,650	2,051,268,462	0.087

\* reflects reassessment

Source: Abstract of Ratables, Ocean County Board of Taxation

Notes:

Real property is required to be assessed at market value.

Reassessment occurs when ordered by County Board of Taxation, normally when the assessed value is markedly different than true (market) value.

a Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies.

b Tax rates are per \$100 of assessed valuation.

EXHIBIT J-7

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**PER \$100 OF ASSESSED VALUATION**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

<u>Year</u>		<u>Borough of Beach Haven School District</u>	<u>Southern Regional School District</u>	<u>County of Ocean</u>	<u>Borough of Beach Haven</u>	<u>Total Tax Rate</u>
2002	\$	0.194	0.530	0.741	0.773	2.238
2003		0.173	0.529	0.781	0.800	2.283
2004	*	0.075	0.219	0.300	0.289	0.883
2005		0.077	0.234	0.326	0.308	0.945
2006		0.075	0.240	0.340	0.322	0.977
2007		0.077	0.259	0.341	0.323	1.000
2008		0.079	0.265	0.347	0.331	1.022
2009		0.082	0.258	0.353	0.338	1.031
2010		0.085	0.254	0.364	0.351	1.054
2011		0.087	0.255	0.367	0.365	1.074

\* reflects reassessment

Source: Borough Records

**EXHIBIT J-8**

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**UNAUDITED**

	<b>2011</b>		<b>2002</b>	
	<b><u>Taxable Assessed Valuation</u></b>	<b><u>Percentage of District's Net Assessed Valuation</u></b>	<b><u>Taxable Assessed Valuation</u></b>	<b><u>Percentage of District's Net Assessed Valuation</u></b>
Taxpayer #1	\$ 6,215,800	0.38%	\$ 5,109,700	0.99%
Taxpayer #2	6,195,100	0.38%	4,000,000	0.78%
Taxpayer #3	6,008,300	0.36%	3,500,000	0.68%
Taxpayer #4	5,306,300	0.32%	2,500,000	0.49%
Taxpayer #5	4,928,400	0.30%	1,917,000	0.37%
Taxpayer #6	3,540,900	0.21%	1,827,100	0.36%
Taxpayer #7	3,446,400	0.21%	1,799,700	0.35%
Taxpayer #8	3,152,700	0.19%	1,772,100	0.34%
Taxpayer #9	2,989,000	0.18%	1,700,000	0.33%
Taxpayer #10	2,875,400	0.17%	1,659,700	0.32%
	<b><u>\$ 44,658,300</u></b>	<b><u>2.71%</u></b>	<b><u>\$ 25,785,300</u></b>	<b><u>5.02%</u></b>

Source: Municipal Tax Assessor and [taxrecords.com](http://taxrecords.com)



EXHIBIT J-9

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (a)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 964,390	\$ 964,390	100.00%	\$ -
2003	1,050,979	1,050,979	100.00%	-
2004	942,753	942,753	100.00%	-
2005	1,160,149	1,075,775	92.73%	84,374
2006	1,192,689	1,108,315	92.93%	84,374
2007	1,198,525	1,114,151	92.96%	84,374
2008	1,246,466	1,162,092	93.23%	84,374
2009	1,296,324	1,296,324	100.00%	-
2010	1,348,177	1,348,177	100.00%	-
2011	1,402,104	1,402,104	100.00%	-

Source: District Records

Note: (a) School taxes are collected by the municipal tax collector. Under New Jersey State statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. From 2005 to 2008, the balance of that year's levy was received in July.

**EXHIBIT J-10**

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Year	Governmental Activities			Bond		Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)		Capital Leases			Personal Income (a)	Per Capita (a)
2002	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	0.00%	\$ -
2003	-	-	-	-	-	-	-	-	0.00%	-
2004	-	-	-	-	-	-	-	-	0.00%	-
2005	-	-	-	-	-	-	-	-	0.00%	-
2006	-	-	-	-	-	-	-	-	0.00%	-
2007	-	-	-	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	-	-	-	0.00%	-

Source: District Records

Notes: a See Exhibit J-14 for personal income and population data.  
The ratios are calculated using personal income and population for the prior calendar year.

EXHIBIT J-11

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

<b><u>Fiscal Year</u></b> <b><u>Ended</u></b> <b><u>June 30,</u></b>	<b><u>General</u></b> <b><u>Obligation</u></b> <b><u>Bonds</u></b>		<b><u>Deductions</u></b>		<b><u>Net General</u></b> <b><u>Bonded Debt</u></b> <b><u>Outstanding</u></b>	<b><u>Debt as a</u></b> <b><u>Percentage of</u></b> <b><u>Assessed Value</u></b> <b><u>of Property</u></b>	<b><u>Net</u></b> <b><u>Bonded</u></b> <b><u>Debt</u></b> <b><u>Per Capita</u></b>
2002	\$	-	\$	-	\$ -	0.00%	\$ -
2003		-		-	-	0.00%	-
2004		-		-	-	0.00%	-
2005		-		-	-	0.00%	-
2006		-		-	-	0.00%	-
2007		-		-	-	0.00%	-
2008		-		-	-	0.00%	-
2009		-		-	-	0.00%	-
2010		-		-	-	0.00%	-
2011		-		-	-	0.00%	-

Source: District Records

EXHIBIT J-12

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**AS OF DECEMBER 31, 2010**  
**UNAUDITED**

Net Direct Debt of School District as of December 31, 2010	\$ -
Net Overlapping Debt of School District:	
Borough of Beach Haven (100%)	\$ 4,479,620.00
County of Ocean - Borough's Share (1.972%)	<u>8,421,399.28</u>
	<u>12,901,019.28</u>
Total Direct and Overlapping Debt as of December 31, 2010	<u><u>\$ 12,901,019.28</u></u>

Sources: State of New Jersey Department of Community Affairs, Borough of Beach Haven and  
Ocean County Board of Taxation

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**LAST NINE FISCAL YEARS**  
**UNAUDITED**

**Legal Debt Margin Calculation for Fiscal Year 2010:**

Equalized valuation basis:	
2008	\$ 2,155,831,958
2009	2,098,028,920
2010	2,040,693,673
	<u>\$ 6,294,554,551</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 2,098,184,850</u>

Debt Limit (3% of average equalized valuation)	\$ 62,945,546
Less: Total net debt applicable to limit	-
Legal Debt Margin	<u>\$ 62,945,546</u>

	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$ 62,945,546	63,592,642	62,876,955	59,375,819	53,587,241	45,806,630	37,742,528
Total net debt applicable to limit	-	-	-	-	-	-	-
Legal debt margin	\$ 62,945,546	63,592,642	62,876,955	59,375,819	53,587,241	45,806,630	37,742,528

Total net debt applicable to the limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
as a percentage of debt limit							

Source: District Records  
 Equalized Valuation provided by Division of Local Government Services,  
 Department of Community Affairs, State of New Jersey.

**EXHIBIT J-14**

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

<b><u>Year Ended December 31,</u></b>	<b><u>(a) Population</u></b>	<b><u>(b) Personal Income</u></b>	<b><u>(c) Per Capita Personal Income</u></b>	<b><u>(d) Unemployment Rate</u></b>
2001	1,288	\$ 36,625,568	\$ 28,436 *	4.4%
2002	1,302	\$ 39,089,946	\$ 30,023	6.0%
2003	1,302	\$ 41,009,094	\$ 31,497	6.3%
2004	1,325	\$ 42,111,150	\$ 31,782	5.5%
2005	1,351	\$ 45,336,858	\$ 33,558	6.9%
2006	1,366	\$ 47,139,294	\$ 34,509	7.7%
2007	1,379	\$ 49,695,023	\$ 36,037	6.8%
2008	1,391	\$ 51,784,148	\$ 37,228	8.8%
2009	1,403	\$ 55,447,963	\$ 39,521	14.3%
2010	1,170	\$ 46,422,090	\$ 39,677	14.9%

\* Estimated

**Sources:**

- (a) Population information provided by the NJ Department of Labor and Workforce Development.  
2010 population provided by U.S. Census Bureau.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income based upon county-wide data provided by NJ Department of Labor and Workforce Development.
- (d) Unemployment data provided by the NJ Department of Labor and Workforce Development.

**EXHIBIT J-15****BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**UNAUDITED**

The Borough of Beach Haven is a small community with a year-round population of less than 1,400.

Many businesses are seasonal, and data on number of employees is unavailable.

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEAR**

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction:										
Regular	10	10	10	10	10	10	10	9	9	10
Special Education	3	3	3	3	3	3	3	3	2	2
Other Special Education	1	1	1	1	1	1	1	1	1	1
Support Services:										
Attendance & Health Services	1	1	1	1	1	1	1	1	1	1
General Administration	1	1	1	1	1	1	1	1	1	1
School Administration	2	2	2	2	2	2	2	2	2	2
Operations & Maintenance	1	2	2	2	2	2	2	2	2	2
Student Transportation	1	1	1	1	1	1	1	1	1	1
Total	20	21	21	21	21	21	21	20	19	20

**Source:** District Personnel Records



**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percentage Change Average Daily Enrollment	Student Attendance Percentage
2002	79	\$ 1,068,922	\$ 13,531	0.44%	13	6.1	79.9	75.6	-4.54%	94.62%
2003	83	1,211,425	14,595	7.87%	12	6.9	85.9	81.1	7.51%	94.41%
2004	88	1,270,375	14,436	-1.09%	13	6.8	89.6	84.8	4.31%	94.64%
2005	88	1,309,744	14,883	3.10%	14	6.3	79.6	75.2	-11.16%	94.47%
2006	71	1,321,936	18,619	25.10%	14	5.1	69.1	65.6	-13.19%	94.93%
2007	72	1,480,676	20,565	10.45%	14	5.1	65.3	62.0	-5.50%	94.95%
2008	71	1,514,584	21,332	3.73%	14	5.1	70.2	66.1	7.50%	94.16%
2009	77	1,536,272	19,952	-6.47%	14	5.5	76.0	69.7	8.26%	91.71%
2010	73	1,511,778	20,709	3.80%	14	5.2	69.9	63.3	-8.03%	90.59%
2011	74	1,492,069	20,163	-2.64%	14	5.3	73.3	66.4	4.86%	90.59%

Source: District Records

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>District Building</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Elementary										
Beach Haven Elementary (1912)										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capacity (Students)	175	175	175	175	175	175	175	175	175	175
Enrollment	63	61	77	71	72	71	88	88	83	79

Number of schools at June 30, 2011  
 Elementary = 1

Source: District Records

Notes: Year of original construction is shown in parentheses.  
 Enrollment is based on the annual October district count.

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES**  
**For the Last Ten Fiscal Years Ended June 30, 2011**

**UNDISTRIBUTED EXPENDITURES -- REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES**  
11-000-260-420

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
* School Facilities										
Elementary School	\$ 62,844	\$ 86,030	\$114,166	\$ 82,324	\$ 94,786	\$ 54,272	\$ 77,838	\$ 97,750	\$ 104,857	\$ 48,078

EXHIBIT J-20

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2011**  
**UNAUDITED**

<u>Carrier</u>	<u>Coverage</u>	<u>Deductible</u>
<b>A</b>	Commercial Property Coverages:	
	Blanket Building and Personal Property	\$ 3,095,674
	Equipment Floater	\$ 62,000
<b>A</b>	Commercial General Liability:	
	General Aggregate	\$ 2,000,000
	Products/Completed Operations Aggregates	\$ 2,000,000
	Each Occurrence	\$ 1,000,000
	Personal and Advertising Injury	\$ 1,000,000
	Fire Damage Legal Liability	\$ 100,000
	Medical Expense Limit (any one person)	\$ 5,000
<b>A</b>	Business Automobile:	
	Liability Limit	\$ 1,000,000
	Personal Injury Protection	PIP
	Auto Medical Payments	\$ 5,000
	Uninsured Motorist	\$ 1,000,000
	Underinsured Motorist	\$ 1,000,000
<b>A</b>	Workers Compensation	\$ 500,000
<b>A</b>	Commercial Umbrella:	
	Each Occurrence - Bodily Injury and Property Damage	\$ 2,000,000
	General Aggregate	\$ 4,000,000
<b>A</b>	Fidelity Bonds:	
	Treasurer of School Moneys	\$ 150,000
	Board Secretary	\$ 50,000
	Blanket Bond	\$ 10,000
<b>B</b>	Accident & Health	
	Traveling Accident Medical Expense	\$ 500,000
	Student Accident	\$ 1,000,000
<b>C</b>	School Leaders Errors and Omissions	\$ 1,000,000
<b>A</b>	Flood Insurance:	
	Building	\$ 292,800
	Contents	\$ 127,700

Carriers: **A:** Selective Insurance; **B:** Guarantee Trust Life; **C:** National Union Fire Insurance

Source: District Records

*Robert A. Hulsart and Company*  
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT**  
**OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL**  
**WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED,**  
**NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR**  
**OTHER MATTERS IDENTIFIED**

K-1

Honorable President and Members  
 of the Board of Education  
 Beach Haven School District  
 County of Ocean  
 Beach Haven, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Beach Haven School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Beach Haven Board of Education is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Beach Haven Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Beach Haven Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Beach Haven Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Beach Haven Board of Education's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of general-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Beach Haven Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robert A. Hulsart***

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

December 3, 2012

**BEACH HAVEN SCHOOL DISTRICT**

Schedule A

K-3

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal C.F.D.A. Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2012	
				From	To						(Accounts Receivable)	Deferred Revenue Due to Grantor
<b>U.S. Department of Education</b>												
I.D.E.A.:												
Basic	84.027	FT-11	16,328	9/1/11	8/31/12	-	13,475	(16,328)	-	-	(2,853)	-
Total Special Revenue Fund						-	13,475	(16,328)	-	-	(2,853)	-
<b>U.S. Department of Education</b>												
General Fund:												
Education Jobs Fund:	84.410A	N/A	2,416	9/1/11	8/31/12	-	2,416	(2,416)	-	-	-	-
Total Federal Financial Awards						-	15,891	(18,744)	-	-	(2,853)	-

See accompanying Notes to Schedules of Financial Assistance.

**BEACH HAVEN SCHOOL DISTRICT**

Schedule B

K-4

**SCHEDULE OF EXPENDITURES STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/ Program Title State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2012		MEMO	
			From	To						(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Total Cumulative Expenditures
General Fund:													
Special Education Aid	12-495-034-5120-089	\$ 28,302	7/1/11	6/30/12			28,302	(28,302)				(2,829)	28,302
Security Aid	12-495-034-5120-084	2,070	7/1/11	6/30/12			2,070	(2,070)				(207)	2,070
Non-Public Transportation	11-495-034-5120-014	870	7/1/10	6/30/11	(870)		870						
On-Behalf TP/AF Pension	12-100-034-5095-006	72,088	7/1/11	6/30/12			72,088	(72,088)					72,088
Reimbursed TP/AF Social Security	12-100-034-5095-002	54,385	7/1/11	6/30/12			48,847	(54,385)		(5,538)	-	(3,036)	54,385
Total General Fund					(870)	-	152,177	(156,845)	-	(5,538)	-	(3,036)	156,845
Total State Financial Assistance					\$ (870)	-	152,177	(156,845)	-	(5,538)	-	(3,036)	156,845

See accompanying Notes to Schedules of Financial Assistance.